

**REPORT OF THE AUDIT OF THE  
BARREN COUNTY  
CLERK**

**For The Year Ended  
December 31, 2009**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912**



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE BARREN COUNTY CLERK**

**For The Year Ended  
December 31, 2009**

The Auditor of Public Accounts has completed the Barren County Clerk's audit for the year ended December 31, 2009. Based upon the audit work performed, the financial statement presents fairly in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees decreased by \$65,434 from the prior year, resulting in excess fees of \$962,740 as of December 31, 2009. Revenues decreased by \$1,257,755 from the prior year and expenditures decreased by \$1,192,321.

#### **Deposits:**

The County Clerk's deposits were insured and collateralized by bank securities.



## CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS .....	3
NOTES TO FINANCIAL STATEMENT .....	6
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	11





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Davie Greer, Barren County Judge/Executive  
The Honorable Joanne London, Barren County Clerk  
Members of the Barren County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Clerk of Barren County, Kentucky, for the year ended December 31, 2009. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Clerk for the year ended December 31, 2009, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 3, 2010 on our consideration of the Barren County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Davie Greer, Barren County Judge/Executive  
The Honorable Joanne London, Barren County Clerk  
Members of the Barren County Fiscal Court

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Barren County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

August 3, 2010



BARREN COUNTY  
 JOANNE LONDON, COUNTY CLERK  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2009

Revenues

State Grant - Library and Archives	\$	36,418
------------------------------------	----	--------

State Fees For Services		16,452
-------------------------	--	--------

Fiscal Court		83,842
--------------	--	--------

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	1,394,955
------------------------	----	-----------

Usage Tax		2,715,930
-----------	--	-----------

Tangible Personal Property Tax		2,720,543
--------------------------------	--	-----------

Lien Release Fees		24,600
-------------------	--	--------

Miscellaneous Income		4,348
----------------------	--	-------

Other-

Marriage Licenses		14,697
-------------------	--	--------

Fish and Game Licenses		4,749
------------------------	--	-------

Occupational Licenses		100
-----------------------	--	-----

Deed Transfer Tax		74,641
-------------------	--	--------

Delinquent Tax	301,327	7,255,890
----------------	---------	-----------

Fees Collected for Services:

Recordings-

Bail Bonds		242
------------	--	-----

Chattel Mortgages and Financing Statements		97,632
--	--	--------

Deeds		21,916
-------	--	--------

Fixture Filing		637
----------------	--	-----

Leases		343
--------	--	-----

Liens and Lis Pendens		9,738
-----------------------	--	-------

Powers of Attorney		2,347
--------------------	--	-------

Releases		22,467
----------	--	--------

Real Estate Mortgages		86,804
-----------------------	--	--------

Miscellaneous Recordings		21,984
--------------------------	--	--------

Wills and Estate Settlements		2,056
------------------------------	--	-------

Affordable Housing Trust		54,630
--------------------------	--	--------

Charges for Other Services-

Candidate Filing Fees		500
-----------------------	--	-----

Copywork		11,126
----------	--	--------

The accompanying notes are an integral part of this financial statement.

BARREN COUNTY  
 JOANNE LONDON, COUNTY CLERK  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

Revenues (Continued)

Fees Collected for Services: (Continued)

Charges for Other Services- (Continued)

Postage	\$	2,057	
Miscellaneous		3,253	
Refunds and Overpayments		<u>36,643</u>	\$ 374,375

Interest Earned			<u>4,405</u>
-----------------	--	--	--------------

Total Revenues			7,771,382
----------------	--	--	-----------

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	959,131	
Usage Tax		2,634,334	
Tangible Personal Property Tax		984,362	

Licenses, Taxes, and Fees-

Fish and Game Licenses		4,588	
Delinquent Tax		33,357	
Legal Process Tax		38,452	
Affordable Housing Trust		<u>54,620</u>	4,708,844

Payments to County:

Tangible Personal Property Tax		312,719	
Delinquent Tax		32,973	
Deed Transfer Tax		<u>70,908</u>	416,600

Payments to Other Districts:

Tangible Personal Property Tax		1,314,640	
Delinquent Tax		<u>161,588</u>	1,476,228

Payments to Sheriff			1,870
---------------------	--	--	-------

Payments to County Attorney			45,070
-----------------------------	--	--	--------

The accompanying notes are an integral part of this financial statement.

BARREN COUNTY  
 JOANNE LONDON, COUNTY CLERK  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

Expenditures (Continued)

Operating Expenditures:

Other Charges-

Postage	\$	35	
Miscellaneous Clerk Expense		1,816	
Dues and Memberships		610	
Refunds		39,920	
Miscellaneous		15	
Library and Archives Grant		36,418	
			\$ 78,814

Total Expenditures		\$ 6,727,426
--------------------	--	--------------

Net Revenues		1,043,956
--------------	--	-----------

Less: Statutory Maximum	76,734	
Expense Allowance	3,600	
Training Incentive Benefit	882	81,216

Excess Fees Due County for 2009		962,740
---------------------------------	--	---------

Excess Fees Paid County - Monthly		962,740
-----------------------------------	--	---------

Balance Due Fiscal Court at Completion of Audit		\$ 0
---	--	------

The accompanying notes are an integral part of this financial statement.

BARREN COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2009

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2009 services
- Reimbursements for 2009 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2009

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

BARREN COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2009  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Fee Pooling

The Barren County Clerk participates in a fee pooling system with the Fiscal Court. Fee officials who are required to participate in fee pooling deposit all funds collected into their official operating account. The fee official is responsible for paying all amounts due to the taxing districts. Residual funds are then paid to the County Treasurer on a monthly basis. Invoices are submitted to the County Treasurer to document operating expenses. The County Treasurer pays almost all operating expenses for the fee official.

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.5 percent for the first six months and 16.16 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

BARREN COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2009  
(Continued)

Note 3. Deposits

The Barren County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1) (d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The Barren County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Grants

- A. The Barren County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives during calendar year 2005 in the amount of \$36,418. The bank balance on January 1, 2009 was \$37,766. The account earned \$29 of interest. There were expenditures of \$36,418 during calendar year 2009. An additional \$1,377 of interest was transferred to the 2009 Fee Account to close out the grant account. The grant balance was \$0 as of December 31, 2009.
- B. The Barren County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives during calendar year 2009 in the amount of \$29,190. The bank balance on January 1, 2009 was \$0. There were no expenditures during calendar year 2009. The grant balance was \$29,190 as of December 31, 2009.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Davie Greer, Barren County Judge/Executive  
The Honorable Joanne London, Barren County Clerk  
Members of the Barren County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Barren County Clerk for the year ended December 31, 2009, and have issued our report thereon dated August 3, 2010. The County Clerk's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Barren County Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Barren County Clerk's financial statement for the year ended December 31, 2009, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Barren County Fiscal Court, others within the entity, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

August 3, 2010

